

The bank soon after began to make advances of money in anticipation of the land and malt taxes, and upon Exchequer bills and other securities.¹ They did this in the face of the provision of the charter of 1694, that if they should advance any money to the Crown whatever, except by the special permission of Parliament, they should forfeit treble the value of all such advances. The usual limit of these temporary advances was £20,000 or £30,000 and it became a subject of complaint if the amount was increased to £50,000. The limit was stretched in the American war to £150,000 and Mr. Bosanquet in 1793 became uneasy as to the legality of such advances without authority of Parliament. The directors, therefore, applied for an act of indemnity for past advances and permission to make them in the future to a limited amount, not to exceed £100,000. Mr. Pitt readily agreed to bring in a bill for this purpose, but he quietly dropped the limitation and passed the measure in this form through Parliament. He was now armed with absolute power to draw upon the bank, unless the directors should refuse to honor his bills, and he was neither conservative nor scrupulous in the use of the power.

Mr. Pitt availed himself of the new law to scatter gold broadcast over Europe to promote the combination against France, with the result of draining the country of specie and creating unfavorable foreign exchanges. He drew heavily upon the bank and drove them into such close quarters that they passed a resolution on January 15, 1795, that the Chancellor of the Exchequer must make his financial arrangements for the year without expecting further assistance from them than advances on Treasury bills not exceeding £500,000 at any one time. Mr. Pitt promised to reduce the existing advances to that amount by payments out of the first loan which was in process of subscription, but he paid little attention to such promises. The bank was compelled by the demands of the government to expand its issues in the face of unfavorable exchanges until in February, 1795, they

¹ Gilbart, L, 36.